

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Wah Yan Healthcare Limited

中國華仁醫療有限公司

(Incorporated in the Hong Kong with limited liability)

(Stock Code: 648)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
PROPOSED APPOINTMENT OF CHIEF EXECUTIVE OFFICER**

**THE SPA AND PROPOSED APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF
THE COMPANY**

The Company is pleased to announce that on 7 June 2016, the Group entered into the SPA with Dr. Chan, pursuant to which the Group has conditionally agreed to acquire and Dr. Chan has conditionally agreed to dispose of the entire equity interest of the Target Company for the consideration of HK\$8.85 million. The Target Company is principally engaged in the provision of obstetric and gynaecological services in Hong Kong.

Following completion of the SPA, the Target Company will become a wholly-owned subsidiary of the Company and Dr. Chan will be appointed as the chief executive officer of the Company.

THE LISTING RULES IMPLICATION

Since Dr. Chan will be appointed as the chief executive officer of the Company following completion of the SPA, the Acquisition will constitute a connected transaction for the Company under Rule 14A.28 of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 25% and the Consideration is less than HK\$10 million, the Acquisition constitutes a discloseable and connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapters 14 and 14A of the Listing Rules.

THE SPA

Date

7 June 2016

Parties to the SPA

- (i) the SPV, as the purchaser; and
- (ii) Dr. Chan, as the vendor.

Dr. Chan is currently the consultant obstetrician gynaecologist of the clinic operated by the Target Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dr. Chan is an individual who is a third party independent of the Company and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

Background of assets under the SPA

Pursuant to the SPA, the Group has conditionally agreed to acquire and Dr. Chan has conditionally agreed to dispose of the entire issued share capital of the Target Company. The Target Company is principally engaged in the operation of a clinic in Hong Kong specialising in the provision of obstetric and gynaecological services. As at 31 December 2015, the Target Company had net asset value of HK\$1.15 million and recorded (i) audited profit before and after tax of HK\$1.53 million and HK\$1.31 million for the year ended 31 December 2014, respectively; and (ii) unaudited profit before and after tax of HK\$1.36 million and HK\$1.15 million for the year ended 31 December 2015, respectively.

Consideration

The consideration (the "Consideration") of the Acquisition is HK\$8,850,000, payable in cash upon completion of the SPA.

The Consideration was determined after arm's length negotiation between the Group and Dr. Chan with reference to (i) the profitable track record of the Target Company; (ii) the expected growing demand for obstetrics and gynaecological services in Hong Kong; and (iii) the opportunity of the Group to enter into the medical industry in Hong Kong.

Conditions Precedent and Completion

As at the date of this announcement, completion of the SPA is subject to the following conditions precedent being fulfilled or waived (as the case may be):

- (i) the entering into of the service contracts with Dr. Chan on his appointments as the chief executive officer of the Company and the managing director of the Target Company; and
- (ii) Dr. Chan having obtained and not having been revoked prior to completion of the SPA all necessary consents and approvals in respect of the transfer of the entire issued share capital of the Target Company to the Group and all of the warranties under the SPA remaining true and accurate and not misleading if they were repeated at any time prior to the completion of the SPA by reference to the facts and circumstances then existing.

Completion of the SPA shall take place when all conditions precedent having been fulfilled or waived. The Group may at its discretion waive condition numbered (ii). If the above conditions precedent have not been fulfilled (or waived) on or before 28 June 2016 (or such later date as the parties to the SPA may agree in writing), the SPA will cease to be effective and no party to the SPA shall accept or perform any obligations and responsibilities thereunder, except for any event of default before the termination of the SPA.

Following completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the results and financial positions of the Target Company will be included in the consolidated financial statements of the Group.

Appointment of Dr. Chan

Upon completion of the SPA, Dr. Chan will be appointed as the managing director of the Target Company and the chief executive officer of the Company.

PROPOSED APPOINTMENT OF CHIEF EXECUTIVE OFFICER

Dr. Chan is a specialist in Obstetrics and Gynaecology. He obtained the Bachelor of Medicine and the Bachelor of Surgery from The University of Hong Kong. He also obtained the Australian Medical Council Certification in Australia and the Doctor of Medicine from The National University of Singapore.

Dr. Chan is a Fellow of the Hong Kong Academy of Medicine in both Hong Kong and Singapore, a Fellow of The Hong Kong College of Obstetricians and Gynaecologists, a Fellow of The Royal College of Obstetricians and Gynaecologists, the United Kingdom, a Fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists, a Fellow of the American College of Surgeons and International College of Surgeons, the United States of America. He is also currently the Honorary Clinical Associate Professor, Department of Obstetrics and Gynaecology of The University of Hong Kong and the Adjunct Associate Professor, School of Biomedical Sciences of The Chinese University of Hong Kong.

Dr. Chan has been a visiting consultant/staff specialist to a number of hospitals in The Philippines, Singapore and Australia. Dr. Chan is presently the Secretary of Asian Federation, the Chairman of Congress and Conference Sub-Committee and the Executive Committee Member of The International College of Surgeons, the United States of America, the Honorary Secretary of the Hong Kong Section of The International College of Surgeons and the Executive Committee Member of the Association of Doctors in Aesthetic Medicine (HK) Ltd.. He was formerly the Chairman and Professor, Discipline of Obstetrics and Gynaecology of The University of Tasmania, Australia and a Staff Specialist, Department of Obstetrics and Gynaecology of Royal Hobart Hospital and Launceston General Hospital, Australia, and the Chairman of the Perinatal Medicine Committee, Tasmania.

Dr. Chan has authored many scholarly papers and book chapters worldwide in obstetrics and gynaecology, infertility, in-vitro fertilization and reproductive technologies. He is also an active participant in the development of in-vitro fertilization and has delivered lectures on in-vitro fertilization in numerous seminars and symposia including the organization of many in-vitro fertilization workshops worldwide. Between 1986 and 2000, Dr. Chan and the Reproductive Medicine team of The National University of Singapore had achieved several recognitions being the first in Asia in Assisted Reproductive Technologies and gynaecological

endoscopy surgeries including the Science and Technology Award from the Singapore Government in 1989 for the first baby born in the world using the technology of sperm injection into human eggs.

Dr. Chan was educated in Asia, Europe and Australia and had received scholarships from the Government of Hong Kong, The National University of Singapore, The Medical Research Council of Singapore and the French Exchange Award for work and practices in Monash University, Australia, The University of London, Bristol University and Cambridge University, the United Kingdom, and Clermont-Ferrand University, France.

As the proposed chief executive officer of the Company, Dr. Chan will be responsible for the development of the Group's medical business including management of the Target Company, establishment of an in-vitro fertilization business and a rejuvenation business and any other businesses as may be directed by the Board from time to time.

The Company will make further announcement(s) upon formal appointment of Dr. Chan as the chief executive officer of the Company.

REASONS FOR AND BENEFITS OF THE SPA

The Group is principally engaged in (i) the health management business; (ii) the medical and well-being business; and (iii) the asset management business.

According to the feature article "The Fertility Trend in Hong Kong, 1981 to 2014" of Hong Kong Monthly Digest of Statistics prepared by the Census and Statistics Department of Hong Kong, the fertility rates in the younger age groups (15 to 19 and 20 to 24) decreased by 75% and 77% respectively from 1981 to 2014 while those in the older age groups (30 to 34 and 35 to 39) increased by 64% and 111% respectively from 2003 to 2014 mainly attributable to postponement in marriage and childbearing.

As a result of postponement in fertility (due to postponement in marriage and childbearing) from younger ages to older ages, growing consciousness of healthy pregnancy, rising problem of subfertility and desire of having offspring for wealthier families in Hong Kong, there has been greater demand for obstetric and gynaecological medical services due to the increased risk of health problems associated with women becoming pregnant at older ages and their willingness to spend more to ensure healthiness during their pregnancy.

In addition, the facts that the subfertility rate (the problem of subfertility in Hong Kong affects one in every six couples) and the infertility rate of women increase with female age have given rise to growing demand for in-vitro fertilization.

Rejuvenation is a medical discipline focusing on practical reversal of the ageing process and comprises a vast spectrum of treatments ranging from restoring one's youth appearance and physical conditions to reversing the signs of aging (such as replacing human hormone to rejuvenate and restore body functions). Through years of business development, the Target Company has established a group of high-end customers who have high awareness of their physical conditions. The Group intends to extend rejuvenation and related healthcare services to the patients of the Target Company and through alliances with major insurance companies.

It is the business goal of the Group to establish a one-stop medical and health management platform. Given (i) the growing demand for obstetric and gynaecological services and in-vitro fertilization medical services; (ii) Dr. Chan's expertise in the areas of obstetrics and gynaecology and in-vitro fertilization medical services; (iii) Dr. Chan's extensive network and reputation in the medical field worldwide, particularly Hong Kong, Australia and Singapore, in establishing the rejuvenation business, the Directors are of the view that the Acquisition will not only represent a good opportunity for the Group to enter into the medical industry in Hong Kong, but also allow the Group to leverage on Dr. Chan's expertise and network to expand its offering of medical/healthcare services and bring new growth engine to the Group. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the SPA (including the Consideration) are fair and reasonable, on normal commercial terms and the entering into of the SPA is in the interest of the Company and its shareholders as a whole.

None of the Directors has material interest in the Acquisition which would require he/she to abstain from voting on the relevant resolution in respect of the Acquisition.

THE LISTING RULES IMPLICATION

Since Dr. Chan will be appointed as the chief executive officer of the Company following completion of the SPA, the Acquisition will constitute a connected transaction for the Company under Rule 14A.28 of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 25% and the Consideration is less than HK\$10 million, the Acquisition constitutes a discloseable and connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapters 14 and 14A of the Listing Rules.

DEFINITION

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the SPV pursuant to the SPA
“Board”	board of Directors
“Company”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Leung Kwok
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of The People's Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SPA”	the sale and purchase agreement entered into between the SPV and Dr. Chan in respect of the transfer of the entire issued share capital of the Target Company
“SPV”	a wholly-owned subsidiary of the Company
“Target Company”	Women’s Health And Reproductive Medicine Centre Limited, a company incorporated in Hong Kong with limited liabilities

By Order of the Board of
China Wah Yan Healthcare Limited
Chan Ka Chung
Chairman

Hong Kong, 7 June 2016

As at the date of this announcement, the board of Directors comprises three executive Directors, namely Mr. Chan Ka Chung, Mr. Cheung Wai Kwan and Mr. Wang Jianguo; and four independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Hu Xuezhen, Mr. Lam Chun Ho and Dr. Tong Cheuk Man.